

# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Minutes of a Regular Meeting of the Board

### Time and Place of Meeting

9:02 a.m. – 12:22 p.m. Friday, April 28, 2017  
Central Washington University  
Barge Hall, Board of Trustees Conference Room 412  
400 East University Way  
Ellensburg, Washington

### Attendance

#### Board Members

Thomas G. Neill, CPA, Chair, Board Member  
Elizabeth D. Masnari, CPA, Vice Chair, Board Member  
Karen R. Saunders, CPA, Board Member  
Favian Valencia, Public Member (arrived at 9:07 a.m.)  
Rajib Doogar, Public Member  
Mark Hugh, CPA, Board Member  
Joel Cambren, Public Member

#### Staff and Advisors

Charles E. Satterlund, CPA, Executive Director  
Bruce L. Turcott, Assistant Attorney General, Board Advisor (left at 11:40 a.m.)  
Jennifer Sciba, Deputy Director  
Kirsten Donovan, Board Clerk  
Taylor Shahon, Lead Investigator

### Call to Order

Board Chair, Tom Neill, called the regular meeting of the Board to order at 9:02 a.m.

The Board Chair excused the absences of Emily Rollins, CPA, Board Member and James R. Ladd, CPA, Board Member.

### Minutes – January 27, 2017, Regular Board Meeting

The Board approved the minutes of the January 27, 2017, Board meeting as presented.

### Board Policies Annual Review

The Board completed its annual review of all Board policies.

The Board voted unanimously to retain the following policies with no revisions:

- 2002-2 Expert Witness Services
- 2002-4 International Reciprocity
- 2003-1 Safe Harbor Report Language for Use by Non-CPAs
- 2004-2 Exam Applicant Disability Documentation and Testing Modification Guidelines
- 2011-1 Principles Underlying Board Rules
- 2011-2 Interim Policy Guidelines Pending Rule Changes

- 2012-1 Social Media
- 2015-1 Board Member Travel and Attendance at Group Gatherings

Board Policy 2002-1, Substantially Equivalent Jurisdictions

The Deputy Director led the discussion on the policy. The information contained in the policy has been incorporated into Board Rule due to the passage of both individual and firm mobility making the policy redundant.

The Board voted unanimously to retire Board Policy 2002-1, Substantially Equivalent Jurisdictions, effective immediately.

Board Policy 2004-1, Sanction and Penalty Guidelines

The Executive Director provided a handout and led the discussion on possible revisions to the policy. The Executive Director will prepare and email a revised policy draft to the Board Members for their comments. Comments are requested by May 31, 2017. The revised policy draft will be an agenda item for discussion at the next Board meeting.

**Rules Review**

WAC 4-30-140 What are the authority, structure, and processes for investigations and sanctions?

The Executive Director led the discussion on possible revisions to the rule in conjunction with his discussion on revisions to Board Policy 2004-1.

The Executive Director will prepare and email a revised rule draft to the Board Members for their comments by return email to the Executive Director only, without cc'ing the other Board Members. Comments are requested by May 31, 2017. The revised rule draft will be an agenda item for discussion at the next Board meeting.

The Board directed staff to add Board Rule, WAC 4-30-140 to the Semi-Annual Rule-Making Agenda to be filed with the Office of the Code Reviser in June 2017.

WAC 4-30-050 and WAC 4-30-051 Board Discussion

Mark Hugh led the discussion on possible revisions to the rules to make them more closely align with the AICPA Code. The specific items considered were:

- Defining authorized persons
- Affirmative versus implied consent for transfer of records
- Disclosing information to third party service providers – parts one and two
- Withholding records for outstanding fees
- Electronic records

The Board directed staff to add Board Rules, WAC 4-30-050 and WAC 4-30-051 to the Semi-Annual Rule-Making Agenda to be filed with the Office of the Code Reviser in June 2017.

### **Legal Counsel's Report**

Bruce Turcott, the Board's legal counsel, reported on the following legislation:

- 2SHB 1120 concerning the Regulatory Fairness Act
- HB 1352 concerning small business issues
- SSB 5374 concerning the Whistleblower Protect Act
- Also, 2 significant public records bills of general applicability passed and were sent to the Governor

The Executive Director commented on:

- Effective agency rules on small business
- Regulatory reform bills, which did not pass
- Office of Administrative Hearings legislation, which did not pass

### **Chair's Report**

#### Non-compliance with Laws and Regulations

The NASBA Ethics Committee reviewed the AICPA's draft proposal and felt that there were many inconsistencies. The Ethics Committee proposed that the draft be pulled and sent back to the UAA committee.

#### Status of UAA Recommended Draft Model Rule for Continuing Professional Education (CPE) Requirements

The Chair reported that he has not yet heard on the status of the draft Model Rule.

NASBA Ethics Committee Update on Withholding Records Pending Payment

This item was discussed earlier in the meeting in conjunction with the rules review discussion.

UAA Committee Update on the Chartered Global Management Accountant (CGMA) Designation

The Chair commented that the designation is authorized per WAC 4-30-058. Other state boards may not authorize the use of the title, and CPAs are responsible for checking with the other boards if they will be practicing in that state. The topic will be discussed at the NASBA regional meetings.

**Executive Committee**

The Chair reported that he and the other committee members had a teleconference to discuss the Board meeting agenda.

**Compliance Assurance Oversight Committee**

Karen Saunders reported on the 2016 Annual Report of AIPCA Peer Review Program Administered by the Washington Society of Certified Public Accountants (WSCPAs).

**Legislative Review Committee**

Favian Valencia had nothing to report.

**Quality Assurance Committee**

Tom Neill reported on the results of the 2016 Continuing Professional Education (CPE) Audit.

**Request Review Committee**

Elizabeth Masnari reported:

Firm Names: Approved:

NICHOLAS KNAPTON SPOKANE, P.S.  
NICHOLAS KNAPTON SEATTLE, P.S  
IMPETUS ACCOUNTING  
MCCULLOCH ACCOUNTANCY CORPORATION  
BELLTON CPA OFFICE, PLLC  
LAURIE PARRISH CPA, PLLC  
CPS FAMILY OFFICE SERVICES, PC  
PLAN SERVICES, INC. PC  
HAVE PENCIL, WILL TRAVEL

Professional/Educational Organization – Recognition Requests

During the 1st quarter 2017, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

Domestic or Foreign Education Credential Evaluation Services – Applications

During the 1st quarter 2017, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

**State Ethics Compliance Committee**

Tom Neill advised that the committee had nothing to report.

**Qualifications Committee**

Rajib Doogar reported that the committee members had a teleconference to discuss the committee's agenda for the coming year. Topics included:

- Research impact of newly revised AICPA CPE standards and the potential revision of WAC 4-30-132
- Consideration of military transcripts/education credits to be treated similar to foreign education
- Keeping abreast of developments in other jurisdictions and NASBA regarding Chartered Accountants

**Performance Review and Succession Committee**

Joel Cambern had nothing to report.

**Social Media Committee**

Favian Valencia deferred to the Deputy Director to report and lead the discussion. Discussion items included:

- The high level business plan for social media
- A Survey Monkey poll is on the website to inquire on the use of Facebook to follow professional organizations
- Possible expansion of the semi-annual Board newsletter

The Board directed staff to prepare a communications proposal for discussion at the next Board meeting.

**WSCPA Education Fund Committee**

Elizabeth Masnari had nothing to report.

**Executive and/or Closed Session with Legal Counsel**

An executive session was held from 11:31 - 11:40 a.m. regarding potential litigation under RCW 42.30.110(1)(i).

**Executive Director's Report**

2017-2019 Proposed Budget Update

The Executive Director advised the Board of a possible government shut-down if the legislature does not approve a budget. He stated that the agency will be fine with either version of the budget being considered.

Bills Passed by the Legislature Regarding Small Business

This item was covered during the Legal Counsel's Report section of the agenda.

Results Washington – Measure Development Related to Pipeline

The Executive Director will give a presentation on the CPA pipeline at the Goal Council Meeting - Prosperous Economy with the Deputy Director.

Canada Cross-border Initiative

The Executive Director is drafting a preliminary agreement to establish the relationship.

Other Issues

Board Members, Tom Neill and Favian Valencia, terms expire in June. Both intend on submitting applications for reappointment.

**Enforcement Report**

Taylor Shahon provided the following report to the Board:

- Enforcement Report – Quarter Report (Jan 01, 2017 through Mar 31, 2017)

Taylor Shahon reported on enforcement activities for the first quarter 2017:

- Current caseload stands at 8 cases
- Generally an increase in complaints occurs after tax season
- Dismissed case review – Karen volunteered to serve as the

next reviewer

**Public Input**

Ed Clark, CPA, addressed the Board on matters concerning:

- The profession's transparency obligation
- Regulatory burden
- CPA sanctions
- Financial consequences to clients who have been harmed by their CPA
- Record retention policy

Ed also offered to provide his input and services if the Board would like them.

Rich Jones, CPA, President and CEO, Washington Society of CPAs, WSCPA, addressed the Board on the following:

- Encouraged the Board to establish a reasonable statute of limitations
- Advised that Tom Neill will receive the WSCPA Lifetime Achievement Award at the annual meeting on June 13
- Noted that he has enjoyed the last 12 years working closely with the Board

Kimberly Scott, Vice President of Government and Member Relations, WSCPA, provided a scholarship update:

- Number of application reviewers is up to 55
- 60 scholarships awarded this year in the amount of \$5,000 each
  - 40 female recipients
  - 20 male recipients
- 12 colleges or universities represented by scholarship recipients
- Scholarship recipients' reception being held on May 18

Kimberly also invited Board Members and staff to attend Rich Jones's retirement party being held May 11.

**Adjournment**

The Board meeting adjourned at 12:22 p.m.

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Vice-Chair

\_\_\_\_\_  
Member

\_\_\_\_\_  
Member

\_\_\_\_\_  
Member

\_\_\_\_\_  
Member

\_\_\_\_\_  
Member

\_\_\_\_\_  
Member